

## Form ADV Part 2A – Disclosure Brochure

March 30, 2020

This brochure provides information about the qualifications and business practices of Credit Suisse Securities (USA) LLC. If you have any questions about the contents of this brochure, please contact your registered adviser representative or Investor Relations at 877-435-5264.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Credit Suisse Securities (USA) LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the SEC does not imply a certain level of skill or training.

## II. Material Changes

This brochure is intended to provide you with an overview of Credit Suisse Securities (USA) LLC ("CSSU" or the "Registrant" and, together with its affiliates, "Credit Suisse"). It also contains important disclosures regarding items such as certain practices of the Registrant, potential material conflicts that may arise and key potential investment risks.

There have been no material changes made to the Registrant's brochure since the last annual update of the brochure dated March 15, 2019.

Additional information about the Registrant, including a full copy of the current brochure, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## III. Table of Contents

<b><u>Item</u></b>	<b><u>Page</u></b>
I. Cover Page	1
II. Material Changes	2
III. Table of Contents	2
IV. Advisory Business	3
V. Fees and Compensation	4
VI. Performance-Based Fees and Side-by-Side Management	6
VII. Types of Clients	6
VIII. Methods of Analysis, Investment Strategies and Material Risks	6
IX. Disciplinary Information	13
X. Other Financial Industry Activities and Affiliations	14
XI. Code of Ethics & Participation or Interest in Client Transactions and Personal Trading	16
XII. Brokerage Practices	17
XIII. Review of Accounts	18
XIV. Client Referrals and Other Compensation	18
XV. Custody	19
XVI. Investment Discretion	19
XVII. Voting Client Securities	19
XVIII. Financial Information	20

## IV. Advisory Business

Credit Suisse Securities (USA) LLC is an indirect wholly owned subsidiary of Credit Suisse Group AG, a publicly-owned foreign bank holding company based in Switzerland. CSSU or its predecessor has been registered with the SEC since 03/12/1999 and managed on a discretionary basis approximately \$404 million of client regulatory assets as of December 31, 2019.

### Advisory Services Offered by CSSU

#### Direct Equity Partners Investment Program

CSSU serves as investment manager to the Direct Equity Partners Investment Program (the “DEP Program”), a co-investment program that offers ultra-high net worth investors, who meet certain eligibility requirements, the opportunity to participate in private equity/buy-out, real estate and venture capital investment deals (“Investment Deals”). Such participation is on either a deal-by-deal basis, in such case either at the discretion of the DEP Program participant or pursuant to an agreement that grants CSSU discretion to make investments on the participant's behalf for renewable terms of one year, or pursuant to a four-deal mandate. Regardless of whether an investor chooses the deal-by-deal or four-deal mandate, for each Investment Deal, CSSU will create one or more separate investment entities (each an “Investing Entity”), which will typically include an onshore offering for U.S. persons through a private placement pursuant to Section 4(a)(2) of Securities Act of 1933 (“1933 Act”) and an offshore offering for non-U.S. persons pursuant to Regulation S under the 1933 Act. Each Investing Entity generally will only hold securities or other instruments associated with a single Investment Deal.

In order to participate in the DEP Program, each potential investor must execute an agreement (the “Program Agreement”) that governs the terms of participation in the DEP Program. Each potential deal-by-deal investor will also enter into a formal commitment letter for each Investment Deal made available to the investor by CSSU through the DEP Program. As discussed further in Item VIII, even if a participant signs a commitment letter, such commitment does not guarantee a participant an allocation in any particular Investment Deal. Further, depending upon the size of the participant's commitment amount, the participant may be granted certain opt-out rights with respect to Investment Deals. If an investor's commitment is accepted for an Investment Deal, such investor also will become a party to the governing documents of the applicable Investing Entity. Investment Deals are not tailored to individual DEP Program participants.

In certain instances, Credit Suisse will provide bridge financing to one or more Investing Entity to facilitate the initial funding of an Investment Deal. In such instances, participants in the DEP Program will invest in the Investment Deal by purchasing interests in the applicable Investing Entity from Credit Suisse instead of directly from the Investing Entity. Regardless of whether Credit Suisse has provided bridge financing, DEP Program participants who acquire interests in an Investing Entity following the date of the initial funding for an Investment Deal may be required to make an interest payment to Credit Suisse from such date to the date of investment by the DEP Program participant in the Investment Deal.

Credit Suisse will generally commit approximately (but not in excess of) 3% of the capital to be invested in each Investment Deal. In addition, certain members of the DEP Program investment team are generally expected to commit up to 5% in additional capital, such that the aggregate capital commitment by Credit Suisse and its employees is expected to be approximately 5% of the capital invested in each Investment Deal, subject to certain exceptions and legal or regulatory restrictions. These investments reflect an alignment of interest by Credit Suisse and DEP Program participants, but also will reduce the amount of investment opportunity offered to such participants in any Investment Deal.

## V. Fees and Compensation

### **Management Fees (in all cases charged on invested capital)**

For a Four-Deal Mandate: In connection with each Investment Deal, the applicable Investing Entity is subject to the following fees payable to CSSU or an affiliate:

Management Fee generally equal to:

- 1.00% per annum of invested capital for a \$1 million mandate (\$250k per deal)
- .90% per annum of invested capital for a \$4 million mandate (\$1mm per deal)
- .80% per annum of invested capital for a \$10 million mandate (\$2.5mm per deal)
- .70% per annum of invested capital for a \$20 million mandate (\$5mm per deal)

Carried Interest: generally equal to 15.00%, subject to an 8% preferred return.

For a Deal-by-Deal Member: In connection with each Investment Deal, the applicable Investing Entity is subject to the following fees payable to CSSU or an affiliate:

Management Fee generally equal to:

- 1.25% per annum for commitment amount of less than \$2 million
- 1.0% per annum for commitment amount of \$2.0 - 4.9 million
- .80% per annum for commitment amount of \$5.0 – 9.9 million
- .60% per annum for commitment amount of \$10.0 – 14.9 million
- .50% per annum for commitment amount of \$15.0 million and above

Carried Interest: generally equal to 15.00%, subject to an 8% preferred return.

DEP Program participants who invest in an Investment Deal will be responsible for their allocable portion of the management fee and carried interest, if any, owed to CSSU and its affiliates for its investment management services provided to the applicable Investing Entity. The Investing Entity will call capital from its investors semi-annually, including such amounts necessary to pay management fees and carried interest, if any. Furthermore, to the extent an investor purchases interests in an Investing Entity from Credit Suisse (e.g., in connection with a bridge financing), instead of from the Investing Entity directly in connection with the initial funding of an Investment Deal, such investor will be subject to management fees for that Investment Deal as of the date of Credit Suisse's initial investment. CSSU will obtain the prior written consent of each investor participating in an Investment Deal, to the extent necessary, to permit such charge.

Separate from the fees described above, a transaction fee generally equal to 1.00% of the capital invested by a DEP Program participant in an Investment Deal is payable by that participant to CSSU. The amount of such fee, which is discounted for larger commitments, will be included in the initial capital called by the applicable Investing Entity upon the closing of the Investment and at the time of any additional capital contributions with respect to unfunded commitments for additional investments.

CSSU will not deduct these fees from any account maintained by a DEP Program participant or separately bill such participants. DEP Program participants, to the extent they invest in an Investment Deal, will be charged those fees by the applicable Investing Entity, as provided for above, and such Investing Entity will pay CSSU out of investors' contributed capital. Investors should review the transaction documents, including governing documents for each Investing Entity, for each Investment Deal in which they invest for additional information. A participant's Credit Suisse Relationship Manager will typically receive a portion of the management and transaction fees paid to CSSU in connection with the participant's investment in an Investment Deal.

These fees may change over time, as permitted by applicable law and the terms of each Investment Deal, and different fee schedules may apply if CSSU accepts different types of participants into the DEP Program. Fees for the DEP Program are negotiable depending on certain investor characteristics. Thus, some participants will pay more or less than other participants for the same or similar management services depending, for example, on the length of and overall relationship with Credit Suisse, overall fee arrangements and the amount of investments made through the DEP Program and with Credit Suisse generally, if any. Fees for certain Investment Deals will be waived, reduced or calculated differently with respect to certain investors, including CSSU's employees or affiliates, at the discretion of CSSU and as permitted under the documentation associated with the Investment Deal and applicable Investing Entity.

## **Other Expenses**

In addition to the fees payable to CSSU described above, investors in an Investment Deal will also pay their allocable share of the expenses related to that Investment Deal. For example, investors in certain Investment Deals will be required to pay their pro rata share of management fees, carried interest, transaction fees and other compensation to the sponsor of the Investment Deal, which may be CSSU or an affiliate. These fees generally will be paid by the Investing Entity, which, in turn, will call capital from the DEP Program participants who have invested in that Investment Deal in amounts sufficient to cover those fees.

Investors will also bear expenses associated with their investment in an Investing Entity. Expenses that are typically borne by Investing Entities, and thus indirectly by investors in those Investing Entities, include, without limitation: (i) expenses for administrators, valuation experts, accountants and other service providers; (ii) costs incurred in printing and distributing reports to investors; (iii) all out-of-pocket expenses incurred in structuring, acquiring, holding and disposing of investments; (iv) broken deal expenses; (v) prime brokerage fees, bank service fees and other expenses incurred in connection with investments; (vi) fees and expenses related to borrowings; (vii) costs of litigation, D&O liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Investing Entity; (viii) all out-of-pocket fees and expenses incurred in connection with compliance with U.S. federal, state, local, non-U.S. or other law or regulation; (ix) fees and expenses related to the organization, operation or maintenance of intermediate entities used to facilitate the Investing Entity's investment activities; (x) expenses of winding up or liquidating the Investing Entity; and (xi) any taxes, fees or other governmental charges, and expenses incurred in connection with any tax audit, investigation, settlement or review of the Investing Entity.

CSSU has a conflict of interest in determining whether certain costs and expenses incurred in the course of operating the DEP Program should be paid by one or more Investing Entities (and, indirectly, the investors) or by CSSU. Questions of judgment are expected to arise in connection with determining whether a certain cost or expense should be charged to a particular Investing Entity or whether, for example, newly arising and/or unanticipated costs or expenses (for example, resulting from newly applicable regulations) fit within the relevant categories of costs and expenses described as a partnership expense. CSSU will not in all cases resolve such questions so that they — as opposed to the DEP Program participants — are wholly (or even partially) responsible for such cost or expense. In making such determinations, CSSU will act in good faith, taking into consideration their experience with and understanding of general industry practice.

Credit Suisse has relationships (both involving and not involving the DEP Program), including without limitation placement, brokerage, advisory and board relationships, with distributors, consultants and others who recommend, or engage in transactions with or for the DEP Program. In addition, Credit Suisse will recommend, or engage in certain transactions with or for the DEP Program. In particular, CSSU's Investment Banking division or other affiliates or advisors may be engaged by any prospective portfolio company or by the sponsor of an Investment Deal and may receive compensation from the relevant portfolio company or sponsor for placing the Investment Deal with the DEP Program or for other services. Such compensation may be shared within CSSU, including with personnel responsible for managing the DEP Program or with those who have relationships with investors in the Program. As a result of these relationships and compensation arrangements, CSSU and its personnel have conflicts that create incentives for them to promote certain investment opportunities over others to DEP Program participants. Such conflicts are discussed further

in Items VIII and X herein. In addition to other policies and procedures already in place, in order to mitigate potential conflicts, CSSU adheres to Credit Suisse policies on the matter, which provides guidelines and principles for CS employees who refer deals to other Credit Suisse businesses. Investors in the Investing Entities will also indirectly incur brokerage and transactions costs, in certain instances. CSSU's brokerage practices are described in further detail in Item XII herein as well as in the Program Agreement and related documentation.

## **VI. Performance-Based Fees and Side-by-Side Management**

As discussed above, investors are subject to performance-based fees under the DEP Program in the form of a carried interest that is paid to an affiliate of CSSU on a deal-by-deal basis. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. Any performance fees charged by the Registrant (even where such fees are paid to affiliates) will comply with the requirements of Section 205 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the applicable rules thereunder. CSSU only manages the DEP Program and does not manage any other advisory programs or discretionary accounts.

Depending on each Investment Deal structure, DEP Program participants might, indirectly through their investments through Investing Entities, be subject to performance-based fees charged by the sponsors of the Investment Deals. Fees charged by those sponsors are in addition to any fees charged to DEP Program participants by CSSU. DEP Program participants should review the transaction documents, including the governing documents of the Investing Entity, in connection with each Investment Deal in which they invest.

## **VII. Types of Clients**

Participants in the DEP Program are limited to ultra-high net worth investors. DEP Program participants:

- must qualify as both a "Qualified Purchaser" under the Investment Company Act of 1940, as amended (the "1940 Act") and an "Accredited Investor" under the 1933 Act; and
- generally have at least \$50 million in investable assets.

Other qualifications apply to non-U.S. persons seeking to participate in the DEP Program.

## **VIII. Methods of Analysis, Investment Strategies and Material Risks**

### **Methods of Analysis**

As investment manager of the DEP Program, CSSU focuses on private equity, venture capital and real estate investment opportunities. CSSU sources these investment opportunities primarily through its access to a proprietary deal flow from various Credit Suisse sources. CSSU's experienced investment team compiles due diligence materials for investor review, vets lead sponsors, and negotiates and monitors Investment Deals on behalf of the DEP Program participants. The investment team will periodically seek the advice of economists and other internal and external investment professionals or consultants with respect to such matters as political conditions, proposed tax law changes, fiscal policy, general conditions of the economy, interest rates, actions of central banks and international affairs. The investment team will also use proprietary modeling techniques and quantitative and qualitative analysis. Each proposed Investment Deal is reviewed and either approved, rejected or approved with conditions by the DEP Program investment committee.

### **Investment Strategies**

The DEP Program focuses primarily on investing in private equity, venture capital and real estate investment opportunities. The DEP Program offers participants access to Credit Suisse proprietary deal flow. In general, a separate Investing Entity is created for each Investment Deal, and the decision to participate in such Investment Deal is made on a case-by-case basis based solely on the merits of that particular investment opportunity. As a result, there is no single unifying investment strategy governing the Investment Deals that are approved for the DEP Program, and the investment thesis from one Investment Deal to another will likely vary significantly.

## Material Risks

**The DEP Program:** Participants in the DEP Program are subject to a number of risks that are inherent in the structure and operation of the DEP Program. These include:

- *No Assurance of Investment Opportunities.* The success of the DEP Program will largely depend upon CSSU's ability to identify appropriate Investment Deals and negotiate advantageous terms on behalf of DEP Program participants, which will be subject to a number of conditions and factors that are outside of CSSU's control. There can be no assurance that CSSU will be successful in this regard. Moreover, Credit Suisse is under no obligation to refer investment opportunities to the DEP Program. Participants should be aware that the opportunities offered to the DEP Program may have been considered and declined by one or more other funds or accounts advised by CSSU's affiliates, including accounts in which Credit Suisse personnel invest ("Other CS Accounts"). Participants in the DEP Program have no control over the number or type of, or amount available for investment in, any investment opportunities presented to DEP Program participants.
- *No Assurance of Investment Return.* There can be no assurance that CSSU will be able to or generate returns to investors commensurate with the risks of investing in the types of transactions offered through the DEP Program. Any investment under the DEP Program will carry a significant risk of loss, including the potential loss of the entire amount invested. In addition, prospective investors should note that an investment under the DEP Program may be subject to expenses and fees charged by the sponsor at the investment level, in addition to fees and expenses payable to CSSU and its affiliates, which would reduce the return to investors.
- *No Right to Participate in Investment Deals.* The DEP Program may or may not receive, and in any event will have no guaranteed rights with respect to, investment opportunities sourced by Credit Suisse. Such opportunities or any portion thereof may be offered to Other CS Accounts, all or certain of the DEP Program participants, or such other persons or entities as determined by CSSU in its sole discretion. As a result, the DEP Program or a participant may not be allocated all of its desired investment level in any Investment Deal, or may be unable to participate in certain Investment Deals. Furthermore, under the terms of its allocation policy (the "Allocation Policy"), CSSU is not required to allocate any particular portion of an Investment Deal to a particular DEP Program participant, even if that participant has made a definitive commitment to participate in the Investment Deal. DEP Program participants should closely review the Allocation Policy. Moreover, CSSU is authorized to terminate the participation of a DEP Program participant in the DEP Program under certain circumstances, including in the event that such participant (i) does not participate in any three DEP Program investment opportunities presented to it that are within such participant's preferred sectors and geographies within any calendar year, (ii) defaults on its obligations to make any required payments when due, (iii) ceases to own at least \$25 million of "investments" or (iv) fails to maintain its status as a "qualified purchaser" within the meaning of Section 2(a)(51) of the 1940 Act.
- *Co-Investment and Third-Party Sponsor Risks.* Many of the Investment Deals presented to participants in the DEP Program will involve co-investing alongside private equity, venture capital or real estate firms that are the lead investors in the Investment Deals. The success of the DEP Program will depend significantly on the ability of these firms to identify and execute attractive investment opportunities and, in turn, on their willingness to share high quality deal flow with CSSU. There can be no assurance that these firms will be able to identify investment opportunities meeting the investment objectives of the DEP Program participants, that the investment opportunities will be shared with CSSU, or that the DEP Program participants will be able to invest in any particular Investment Deal at their desired level. In addition, co-investments typically will expose DEP Program participants to risks associated with the sponsor of the investment or other control groups with whom the DEP Program is co-investing, which could have a negative impact on the value of such investments. For example, it is possible that the lead investor has economic or business interests or goals (including financial constraints) which are inconsistent with or in conflict with those of DEP Program participants, or is in a position to take or block an action in a manner adverse to the participants' interests or investment objectives.

Furthermore, the DEP Program may be deemed to be part of a control group with respect to a particular Investment Deal and may be exposed to potential liabilities of a controlling person with respect to the portfolio company, including liabilities for unfunded pensions, environmental damages, product defects, failure to supervise management and violations of other governmental regulations.

- *Competition for Investment Deals.* The activity of identifying, completing and realizing attractive alternative investments is highly competitive and involves a high degree of uncertainty. The DEP Program will be competing with other private equity, venture capital and real estate funds, direct investment firms, individual and institutional investors and merchant banks. This competition may have an adverse impact on the DEP Program participants' ability to invest their desired amounts of capital, the terms of co-investment opportunities offered to the DEP Program and the ultimate return on investments made through the Program.
- *Limited Information Relevant to Investment Decisions.* DEP Program participants choosing the deal-by-deal investment option will have the responsibility of making their own determinations with regard to whether or not to participate in any Investment Deal presented by CSSU. Although CSSU expects to be able to deliver to DEP Program participants an investment memorandum in order to help participants with their decision, there is no assurance that CSSU will have or will make available all information that a participant would consider relevant to make an informed determination. CSSU does not assume responsibility for the accuracy or adequacy of any information provided to DEP Program participants. Moreover, even though CSSU may execute a confidentiality agreement directly with the sponsor of an investment on behalf of DEP Program participants, it is not expected that participants will have direct access to the sponsor. Accordingly, DEP Program participants will likely be required to make investment decisions on the basis of limited information.
- *Limited Timeframe for Investment Decisions; Irrevocable Nature of Investment Elections.* CSSU will, at any time following such date as information relating to an investment opportunity has been made available to DEP Program participants, request definitive commitments from those participants, sometimes on as little as five business days' notice. Accordingly, DEP Program participants may not have as much time as desired in which to evaluate investment opportunities. In general, a participant's hard commitment to an investment opportunity will be irrevocable, regardless of subsequent events or information subsequently acquired, and regardless of whether such participant's final investment allocation, if any, is less than the amount of such hard commitment.
- *Confidentiality Constraints.* In the course of its investment process, CSSU will be required to enter into confidentiality agreements with third-party firms or portfolio companies that prohibit CSSU and DEP Program participants from publicly disclosing sensitive information relating to the third-party sponsor, their investments and these portfolio companies. These agreements could restrict the information that CSSU is permitted to share with DEP Program participants or could possibly result in liabilities for a participant if it releases confidential information in contravention of such an agreement. CSSU may choose to decline to present investment opportunities to DEP Program participants where it is not permitted to share information with participants. As a result, CSSU's flexibility to offer investment opportunities through the DEP Program may be constrained, which may adversely impact the returns to DEP Program participants.
- *Valuation of Investments.* Generally, there will be no readily available market for the DEP Program's investments, and the investments will be difficult to value. There can be no assurance that the values assigned to investments by CSSU will equal or approximate the price at which the investments may be sold or otherwise liquidated or disposed of from time to time. Valuations of Investment Deals, which can affect the amount of the management and performance fees payable to CSSU and its affiliates are expected to involve uncertainties and discretionary determinations. Third party pricing information will not be generally available and there is no expectation that an independent third party will verify the valuation models.
- *Key Personnel Risk.* The success of the DEP Program depends in substantial part on the skill and expertise of the personnel of the investment team. There can be no assurance that such personnel will continue to be



employed by CSSU or be associated with the DEP Program, and the loss of key personnel could have a material adverse effect on the DEP Program.

- *Reliance on Portfolio Company Management.* While CSSU will actively monitor each Investment Deal, it is primarily the responsibility of the portfolio company's management to operate the portfolio company on a day-to-day basis, and CSSU will generally be unable to exert significant influence on the portfolio company. While CSSU will seek investments in companies that have proven management teams, there can be no assurance that a management team will produce the expected results or will remain with the portfolio company. In addition, certain of the DEP Program's investments may be in businesses with little or no operating history.
- *Follow-on Investments.* An Investing Entity may be called upon to provide follow-up funding for its portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that it will wish to make follow-on investments or that it will have sufficient funds to do so. Any decision by the Investing Entity not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish its ability to influence the portfolio company's future development.
- *Disposition of Investments.* In connection with the disposition of an investment in a portfolio company, an Investing Entity may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. An Investing Entity may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors in the Investing Entity. Each limited partnership agreement and/or investment management agreement, as applicable, contains provisions to the effect that if there is any such claim in respect of a portfolio company, it will be funded by the investors to the extent that they have received distributions from the Investing Entity, subject to certain limitations.
- *Long-Term Investments.* Even if the DEP Program's investments ultimately prove successful, it is unlikely that a DEP Program investment will return capital or a realized return (if any) to DEP Program participants for a number of years. Therefore, participants should consider an investment in the DEP Program as an illiquid long-term investment. Further, dispositions may result in in-kind distributions to DEP Program participants, and DEP Program participants will likely incur additional costs and expenses in their disposition of any in-kind distribution received in respect of an investment. DEP investments will typically be in securities for which there is no readily available public market. In addition, the DEP Program participants will likely be contractually prohibited from selling portfolio company securities received in connection with an in-kind distribution for a period of time.
- *Carried Interest; Management and Transaction Fees; No Netting of Performance.* The general partner ("GP") of an Investing Entity, which is an affiliate of CSSU, will be entitled to a carried interest, and CSSU and its affiliates will be entitled to management and transaction fees, as described herein. Sponsors of Investment Deals may be entitled to receive certain specified carried interests or other special allocations from their own investors based on the returns to such investors. The existence of carried interest or other performance fees may create an incentive for a GP and its affiliates (including CSSU), on the one hand, and the sponsors of Investment Deals, on the other, to make more speculative decisions in respect of investments than they would otherwise make in the absence of such performance-based compensation. Moreover, each GP's carried interest is calculated on an investment-by-investment basis, without netting across investments, and accordingly each DEP Program participant may be required, directly or indirectly, to bear a carried interest that is disproportionate to its overall net gains from the Investment Deal, taking into account the performance of all Investment Deals in which it has participated. Management fees will remain payable based on invested capital, regardless of declines (or increases) in the net asset value of the investment.

- *No Regulatory Approval or Recommendation.* Although CSSU is registered with the SEC as an “investment adviser,” such registration does not imply any level of skill or training. Further, neither the SEC nor any other governmental, regulatory or self-regulatory authority or organization has in any manner passed upon or made any finding or determination as to the value or fairness of an investment in the DEP Program, made any recommendation as to such an investment or approved or disapproved of this offering or of the qualifications of CSSU or any of its affiliates. Furthermore, no Investing Entity will be required to register as an “investment company” under, or to comply with the substantive provisions of, the 1940 Act. If an Investing Entity were registered as an “investment company” under the 1940 Act, compliance with certain of the provisions of the Act could reduce certain risks of loss to which a DEP Program participant is exposed, although such compliance could significantly increase the operating expenses of the DEP Program as well as limit the DEP Program’s investment activities.
- *Banking Holding Company Status.* As a foreign banking organization with U.S. banking operations, Credit Suisse is treated as a bank holding company under the Bank Holding Company Act of 1956, as amended (the “BHCA”) and the International Banking Act of 1978, as amended by the Foreign Bank Supervision Enhancement Act of 1991 and is thereby subject to supervision and regulation by the Board of Governors of the Federal Reserve System (the “Federal Reserve”). The BHCA and other applicable banking laws, rules, regulations and guidelines, and their interpretation and administration by the appropriate regulatory agencies, including but not limited to the Federal Reserve, would restrict the transactions and relationships between CSSU and its affiliates on the one hand, and the Investing Entities, on the other hand, and may restrict the DEP Program’s investments, transactions and operations. For example, the BHCA regulations applicable to CSSU and the DEP Program would, among other things, restrict the ability to make certain investments or the size of certain investments, impose a maximum holding period on some or all of the investments, and restrict CSSU’s ability to participate in the management and operation of the underlying portfolio companies. These restrictions may affect the DEP Program by, among other things, affecting CSSU’s ability to pursue certain strategies within the DEP Program or offer certain investments to DEP Program participants. Moreover, there can be no assurance that the bank regulatory requirements applicable to Credit Suisse and the DEP Program will not change, or that any such change will not have a material adverse effect on the DEP Program or any Investment Deal.

**Risks Related to Potential Investment Deals:** Investors in an Investment Deal will be subject to additional risks associated with the particular investment and asset class. DEP Program participants should review the transaction documents, including the investment memoranda, associated with each Investment Deal. A summary of certain risks is provided below:

- *Broad Mandate; Debt and Debt-Like Investments in Portfolio Companies.* CSSU expects to pursue and present to DEP Program participants a broad array of investment opportunities, including opportunities to make investments in transactions or structures that pose special risks. For example, participants may be presented an opportunity to provide mezzanine financing to a portfolio company in which the sponsor is providing equity financing. In such circumstances, the interests of DEP Program participants would not be directly aligned with those of the sponsor, notwithstanding that the DEP Program would normally rely on the sponsor to manage the portfolio company. Moreover, investments in debt or debt-like securities of portfolio companies may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness (which may be secured), may not be protected by financial covenants or limitations upon additional indebtedness and may be subject to the risk of changes in prevailing interest rates.
- *Subordinated Debt.* Subordinated debt investments will generally rank junior in priority to payment of senior loans and will generally be unsecured. This may result in a heightened level of risk and volatility or a loss of principal, which could lead to the loss of the entire investment. These investments may involve additional risks that could impact returns. To the extent interest payments associated with subordinated debt are deferred, such debt may be subject to greater fluctuations in valuations and such debt could result in non-cash income. Since

principal repayments are not generally received until maturity, such investments will be of greater risk than amortizing loans.

- *Early Stage Companies.* Investing in venture and growth-stage private companies involves a number of significant risks. Such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. In addition, early stage companies are more likely to depend on the management talents and efforts of a small group of persons; therefore the death, disability, resignation or termination of one or more of these persons could have a material adverse impact. Finally, such companies also generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position, which may not be readily available.
- *Middle Market Companies.* Investments in middle-market companies, while often presenting greater opportunities for growth, also entail larger risks than are customarily associated with investments in large companies. Middle-market companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required.
- *Non-U.S. Investments.* CSSU will, from time to time, pursue and present opportunities to make investments in portfolio companies and investment vehicles located wholly or partially outside the United States. Such non-U.S. investments involve certain risk factors not typically associated with U.S. investments, including risks related to (i) currency exchange matters, including exchange rate fluctuations between the U.S. dollar and the foreign currencies in which such investments are denominated (which may or may not be partially hedged, but are unlikely to be fully hedged), and costs associated with conversion of investment proceeds and income from one currency to another; (ii) differences between the U.S. and foreign capital markets, including the absence of uniform accounting, auditing, financial reporting and legal standards, practices and disclosure requirements (which may affect the evaluation of potential foreign portfolio companies and the accuracy of how financial statements reflect foreign portfolio companies' financial positions) and varying degrees of government supervision and regulation; (iii) certain economic, social and political risks, including exchange control regulations and restrictions on foreign investments and repatriation of capital, the risks of political, economic or social instability, war, sanctions, expropriation and unfavorable diplomatic developments; and (iv) the possible imposition of foreign taxes with respect to such investments or confiscatory taxation. Non-U.S. economies may unfavorably differ from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance-of-payments positions.
- *Developing Markets.* Investments in companies that operate in developing and emerging markets carry additional risks not typically associated with investing in more developed economies. These risks include changes in exchange control regulations, political and social instability, pervasiveness of corruption and crime, expropriation, imposition of local taxes (potentially at confiscatory levels), less liquid markets, less available information than is generally the case in developed markets, higher transaction costs, less government supervision of financial markets, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. In certain countries, relationships with the relevant authorities may be crucial to the value of the Investment and furthermore, other countries have laws which could result in companies that have relationships with governments or other clients considered to be state sponsors of terrorism by the government of the United States and other governments having to terminate such relationships.
- *Real Estate.* Investments in real estate, directly or indirectly, will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but

are not limited to, those associated with the burdens of ownership of real property, general and local economic conditions, changes in environmental and zoning laws, casualty or condemnation losses, regulatory limitations on rents, decreases in property values, changes in the appeal of properties to tenants, changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding), fluctuations in the average occupancy and room rates for hotel properties, the financial resources of tenants, changes in availability of debt financing which may render the sale or refinancing of properties difficult or impracticable, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, changes in government regulations (such as rent control), changes in real property tax rates and operating expenses, changes in interest rates, and the availability of mortgage funds, which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, increases in borrowing rates, negative developments in the economy that depress travel activity, environmental liabilities, contingent liabilities on disposition of assets, acts of God, terrorist attacks, war and other factors that are beyond the control of any person managing the relevant real estate investment.

- *Borrowing and Hedging.* In certain circumstances, an Investing Entity will incur debt, including for purposes of short-term financing pending receipt of capital contributions, to fund follow-on investments, to pay withholding taxes required to be paid or to cover shortfalls arising from a default by an investor. Such indebtedness will increase the exposure of the Investing Entity to adverse economic factors, such as rising interest rates, economic downturns or deteriorations in the condition of its portfolio companies or the industries in which they operate.

CSSU does not expect to be able to eliminate the DEP Program's exposure to exchange rate fluctuations or other risks through the use of hedging. Additionally, in the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to protect, the desired protection may not be obtained and DEP Program participants may be exposed to increased risk, including a risk of substantial loss.

- *Epidemics, Pandemics, Outbreaks of Disease, and Public Health Issues.* The Registrant's business activities as well as the activities of an Investment Vehicle and its operations investments could be materially adversely affected by outbreaks of disease, epidemics and public health issues in Asia, Europe, North America, the Middle East and/or globally, such as COVID-19 (and other novel coronaviruses), or other epidemics, pandemics, outbreaks of disease or public health issues. In particular, coronavirus, or COVID-19, has spread and is currently spreading rapidly around the world since its initial emergence in December 2019 and has negatively affected (and may continue to negative affect or materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines and other government-directed or mandated measures or actions to stop the spread of outbreaks). Although the long-term effects of COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus), cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease had material adverse effects on the economies, equity markets and operations of those countries and jurisdictions in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which would be reasonably likely to adversely affect the business, financial condition and operations of the Registrant and Investment Vehicles. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to worsen), the Registrant could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on the Registrant's (or an Investment Vehicle's) operations and business activities and governmental actions limiting the movement of people and goods between regions and other activities or operations.
- *No Investment Diversification.* Because the DEP Program is not a pooled investment vehicle, substantially all of the assets of most Investing Entities are expected to consist of direct or indirect interests in a single portfolio company, and as a result the Investing Entities will not be broadly diversified. Poor performance by a single portfolio company will have an adverse effect on returns to the relevant Investing Entity and on its underlying

investors, and could result in the total loss of capital invested. Similarly, any Investment Deal is likely to be focused on a single industry or sector, which will cause the Investing Entity's performance to be particularly susceptible to the economic, business or other developments that affect that industry or sector. The performance of portfolio investments of other investments or programs managed by CSSU or its affiliates is not necessarily indicative of the results that will be achieved by an Investing Entity in the DEP Program.

- *Restrictions on Transfer and Withdrawal.* Interests in the Investing Entities are not registered under the 1933 Act or any other applicable securities law and cannot be resold unless an exemption from such registration is available. DEP Program participants may not sell, transfer, or pledge their interests in any Investing Entity except with the consent of CSSU or its affiliates, which may be withheld in its sole discretion. Such interests will not be redeemable, and voluntary withdrawals of DEP Program participants will not be permitted, except when necessary to comply with particular laws, statutes and regulations. There is no public market for such interests and none is expected to develop. Consequently, a DEP Program participant may be unable to liquidate such an interest before the end of the term of the relevant Investing Entity.

## IX. Disciplinary Information

The Registrant is committed to observing the highest standards of integrity and regulatory compliance in all aspects of its work. The following disclosure of certain disciplinary events involving the Registrant or certain affiliates of the Registrant is required by the Securities and Exchange Commission ("SEC"). None of these disciplinary events is related to the DEP Program.

- CSSU reached a settlement with the SEC related to the purchase or holding of Class A mutual fund shares (which incurred expenses for Rule 12b-1 fees) for advisory clients who were eligible to purchase or hold a less expensive share class of the same mutual fund. CSSU settled that matter by consenting — without admitting or denying the findings (except as to jurisdiction) — to the issuance of an SEC order, dated April 4, 2017, finding, among other things, that there were breaches of fiduciary duty, inadequate disclosures to clients and in SEC filings, and deficiencies in compliance policies and procedures by CSSU between January 1, 2009 and January 21, 2014. As part of the settlement, the SEC censured CSSU, directed CSSU to cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4), and 207 of the Advisers Act and Rule 206(4)-7 thereunder, and ordered CSSU to pay approximately \$2.1 million in disgorgement, \$380,000 in prejudgment interest, and a \$3.275 million civil penalty.
- Without admitting or denying the findings, on December 5, 2016, CSSU consented to a censure and issuance of findings by the Financial Industry Regulatory Authority relating to allegations that CSSU (i) had significant deficiencies in its anti-money laundering program principally related to its ability to adequately surveil potentially suspicious trading and money movements, (ii) failed to establish, maintain and enforce a supervisory system reasonably designed to ensure compliance with Section 5 of the 1933 Act and applicable rules and regulations and (iii) failed to conduct adequate due diligence on correspondent accounts of certain of its foreign affiliates as required under the U.S. Bank Secrecy Act and applicable rules and regulations. In connection with such censure, CSSU agreed to pay a monetary penalty of \$16,500,000.
- On January 31, 2016, CSSU reached two settlements with the SEC relating to an allegation by the SEC that CSSU violated federal securities laws while operating alternative trading systems known as dark pools and CSSU's Light Pool. Without admitting or denying the findings, CSSU agreed to pay disgorgement of approximately \$20,680,000, prejudgment interest of approximately \$3,640,000 and a civil money penalty of \$30,000,000.
- Prior to and through in or about 2009, Credit Suisse AG ("CSAG"), including through its subsidiary Clariden Leu, operated a cross-border banking business that aided U.S. clients in opening and maintaining undeclared accounts and concealing foreign assets and income from the U.S. Internal Revenue Service. On May 19, 2014,

the U.S. Department of Justice (the "Department of Justice") filed a one-count criminal information (the "Information") in the District Court for the Eastern District of Virginia charging CSAG, the parent company of CSSU, with conspiracy to commit tax fraud related to accounts CSAG established for cross-border clients from 2002 to 2008. The Department of Justice and CSAG entered into a plea agreement (the "Plea Agreement") settling the action pursuant to which CSAG pleaded guilty to the charge set out in the Information. The Plea Agreement required CSAG to pay over \$1.8 billion to the U.S. government, including the U.S. Internal Revenue Service. The Plea Agreement also required CSAG to lawfully undertake certain remedial actions to address the conduct described in the Plea Agreement and attachments to the Plea Agreement (the "Conduct"). CSAG entered into other settlements relating to the Conduct. CSAG and the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") agreed to the issuance of a consent Cease and Desist Order and Civil Money Penalty Assessment against CSAG to resolve certain findings by the Federal Reserve Board relating to the Conduct. In addition, CSAG and the New York State Department of Financial Services (the "DFS") entered into a Consent Order to resolve certain findings by the DFS relating to the Conduct. The settlement with the Federal Reserve Board required CSAG to pay \$100 million to the Federal Reserve, and the settlement with the DFS required CSAG to pay \$715 million to the DFS. These settlements followed a settlement by Credit Suisse Group AG ("CS Group"), the parent company of CSAG, with the SEC on February 21, 2014 to resolve an investigation by the SEC into solicitation and provision of broker-dealer and investment advisory services to certain U.S. cross-border clients by CS Group while not registered with the SEC as a broker-dealer or investment adviser. As part of the settlement, CS Group paid \$196,511,014, which included \$82,170,990 in disgorgement, \$64,340,024 in interest and a \$50,000,000 penalty. Neither CSSU nor any other affiliate of CSAG registered with the SEC as an investment adviser under the Advisers Act or broker-dealer under the Securities Exchange Act of 1934, as amended (the "1934 Act") was named in any of these settlements or involved in the conduct underlying these settlements.

- On November 16, 2012, CSSU and certain affiliates (collectively, "Credit Suisse") reached a settlement with the SEC that resolves two investigations relating to residential mortgage-backed securities transactions. More specifically, one investigation concerned Credit Suisse's settlement of claims against mortgage originators involving loans that had been included in a number of Credit Suisse securitizations and its alleged failure to disclose this practice to investors. The second investigation concerned Credit Suisse's obligations to demand repurchase by mortgage originators with respect to certain delinquent loans in two 2006 securitizations. CSSU's investment advisory business was not the subject of either investigation. In a settled administrative proceeding, the SEC charged Credit Suisse with engaging in negligent conduct under Sections 17(a)(2) and 17(a)(3) of the 1933 Act and charged one CSSU affiliate with violations of Section 15(d) of the 1934 Act and Rules 12b-20, 15d-1, and 15d-14(d) thereunder. Credit Suisse neither admitted nor denied the SEC's allegations. As part of the settlement of both investigations, Credit Suisse agreed to pay approximately \$120 million, inclusive of \$65,804,330 in disgorgement, \$39,000,000 in civil monetary penalties, and \$15,200,000 in prejudgment interest.

Additionally, the Registrant has made available other disciplinary items in Part I, Item 11 of the ADV which can be found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **X. Other Financial Industry Activities and Affiliations**

CSSU is also a registered broker-dealer. Each of our management persons is a registered representative of the firm. CSSU is also registered as a futures commission merchant.

### **Relationships with our Affiliates that are Significant to the DEP Program**

Credit Suisse is a worldwide, full-service investment banking, broker-dealer, asset management and financial services organization that is a major participant in global financial markets. Credit Suisse advises clients in all types of markets and transactions, and sells, holds and recommends a broad array of investments for its own accounts and for Other CS Accounts. These other business activities compete with the DEP Program for the time and attention of CSSU's

investment professionals, and they give rise to conflicts of interest in CSSU's activities and dealings on behalf of the DEP Program. Credit Suisse and the Other CS Accounts can be expected to have direct and indirect interests in the global fixed income, currency, commodity, equities, bank loan and other markets, including investment positions opposite to those of the DEP Program, any of which may negatively affect the DEP Program. There can be no assurance that such actual or potential conflicts of interest will be resolved in favor of the DEP Program or any of its participants.

To the extent permitted by applicable law and the terms of the Program Agreement and other governing documents, CSSU and its affiliates (or non-affiliates) may act as broker, dealer, investment banker, agent, lender or advisor or in other commercial capacities for the DEP Program, one or more portfolio companies of the DEP Program or related sponsors. The entity performing such services will be entitled to compensation in connection with the provision of such services, and the DEP Program will not be entitled to any compensation or reduction of fees in respect of such services. CSSU and its affiliates will have an interest in obtaining fees and other compensation in connection with such services and may take commercial steps in their own interests in connection with such services that could negatively affect the DEP Program. For example, an affiliate of CSSU may require repayment of all or part of a loan at any time and from time to time or declare a default under an agreement with an Investor Entity or a portfolio company, and may liquidate related assets more rapidly (and at significantly lower prices) than might otherwise be desirable. In addition, as described above, CSSU's Investment Banking division or other affiliates may act as placement agent for a prospective portfolio company or for the sponsor of an Investment Deal and would receive compensation from the relevant portfolio company or sponsor for placing the Investment Deal with the DEP Program or otherwise. Such compensation may be shared within CSSU, including with personnel responsible for managing the DEP Program or relationships with investors in the Program. As a result of these relationships and compensation arrangements, CSSU and its personnel may have conflicts that create incentives for them to promote certain investment opportunities over others to investors in the DEP Program.

Credit Suisse has established certain information barriers and other policies to address the sharing of information between different businesses of Credit Suisse. As a result of information barriers, CSSU will not generally have access, or will have limited access, to information and personnel of other entities or businesses affiliated with Credit Suisse, and will not generally be able to advise the DEP Program participants with the benefit of information held by such other businesses. Such other businesses will have broad access to detailed information that is not available to CSSU, including with regard to investment opportunities, which, if known to CSSU, might cause CSSU to present or refrain from presenting certain investment opportunities to the DEP Program. Affiliates of CSSU will be under no obligation or fiduciary or other duty to make any such information available to CSSU.

Different teams of investment professionals within CSSU or its affiliates may make decisions based on information or take (or refrain from taking) actions with respect to accounts they advise in a manner that is adverse to the DEP Program. Such teams will generally not share information with the team responsible for the DEP Program, including as a result of certain information barriers and other policies, and will not have any obligation to do so.

The DEP Program may make certain investments in which one or more Other CS Accounts also invest, either directly or through a private equity fund. Any such investment may be made either prior to the investment by the DEP Program, concurrently as part of the same financing plan or subsequent to the investment by the DEP Program. Any such investment may consist of securities of a different class from those in which the DEP Program is invested and which may entitle the holder of such securities to greater control or to rights that otherwise differ from those to which the DEP Program is entitled. In connection with any such investments, the DEP Program, on the one hand, and CSSU and the Other CS Accounts, on the other hand, may have conflicting interests and investment objectives, and any difference in the terms of the securities held by such parties may raise additional conflicts of interest. In certain instances, the DEP Program, CSSU and/or Other CS Accounts may invest as a minority investor as part of a larger investing group or syndicate. In such cases, the financial sponsor, and not CSSU, will be in the position to negotiate on behalf of the holders of other equity classes and mezzanine debt, and holders of senior debt, respectively.

If a portfolio company in which the DEP Program and one or more Other CS Accounts have invested becomes troubled, decisions relating to actions to be taken may raise conflicts of interest. For example, if such portfolio company goes into bankruptcy, becomes insolvent or is otherwise unable to meet its payment obligations or comply with its debt covenants, conflicts of interest could arise between holders of different types of securities as to what actions the portfolio company should take. CSSU will be authorized to resolve such conflicts on a case by case basis in its good faith discretion, taking into account the interests of the DEP Program and such Other CS Accounts. However, because the investments made by the DEP Program will be made on a co-investment basis, CSSU may not be in a position to take actions to resolve any such conflict. There can be no assurance that any such conflict will be resolved in favor of the DEP Program or any individual participant.

When permitted by applicable law, and the terms of the Program Agreement and any other governing documents, and the applicable policies of CSSU, CSSU may present to the DEP Program investment opportunities to invest in portfolio companies affiliated with CSSU or in which Credit Suisse or Other CS Accounts have an equity, debt or other interest, or to engage in investment transactions that result in such investors being relieved of obligations or otherwise divesting of investments, in a manner which benefits Credit Suisse or such Other CS Accounts. In addition, CSSU, acting on the DEP Program's behalf, will in certain circumstances and on an exceptional basis otherwise cause certain DEP Program transactions to be engaged in with or through CSSU or its affiliates. When permitted by applicable law, the terms of the Program Agreement and other governing documents, and the applicable policies of CSSU, CSSU may cause the DEP Program to engage in transactions in which CSSU advises both sides of a transaction and acts as broker for, and receives a commission from, the DEP Program on one side of a transaction and a party on the other side of the transaction.

There are potential conflicts of interest and regulatory restrictions relating to these transactions that could limit CSSU's ability to engage in these transactions on the DEP Program's behalf. CSSU has a conflict of loyalties and responsibilities to parties in such transactions and has developed policies and procedures in relation to such transactions and conflicts. Any such principal, cross or agency cross transactions will be effected in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

CSSU will refrain from presenting certain investment opportunities to the DEP Program in various circumstances, including in consideration of CSSU other activities (e.g., CSSU may refrain from presenting investment opportunities to the Program that would cause CSSU to exceed position limits or cause CSSU to have additional disclosure obligations). In addition, CSSU may limit the activities and transactions engaged in by the DEP Program, and may limit its exercise of rights on the DEP Program's behalf, for reputational or other reasons, including where CSSU is providing (or may provide) advice or services to an entity involved in such activity or transaction, where CSSU or an account is or may be engaged in the same or a related transaction to that considered for presentation to the DEP Program, where CSSU or an account has an interest in an entity involved in such activity or transaction, or where such activity or transaction or the exercise of such rights on the DEP Program's behalf could affect CSSU, Credit Suisse or their activities.

## **XI. Code of Ethics & Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

As the DEP Program is the sole advisory business of CSSU, CSSU relies on its affiliate, Credit Suisse Asset Management, LLC, a SEC-registered investment adviser, for compliance, legal and non-financial risk management support. CSSU has implemented a Code of Ethics ("Code of Ethics"). The Code of Ethics sets forth the standards of ethical conduct to which CSSU and its Supervised Persons (as that term is defined in the Code of Ethics) must adhere. Access Persons, as defined by Rule 204A-1 of the Advisers Act, must adhere to certain holdings certification and employee personal trading policies. At the inception of their employment with CSSU, and annually thereafter, Access Persons must certify that they have accurately disclosed all of their personal trading accounts. CSSU must receive duplicate copies of all trade confirmations and periodic statements of all transactions in such personal trading accounts. In order to prevent conflicts of interest as a result of securities transactions that an Access Person may place or



recommend for your account, CSSU has implemented “black-out” periods for personal securities transactions. From five business days prior through one business day after the Access Person places a trade or recommends that a trade be placed in your account, the Access Person is generally prohibited from executing a trade in the same security in his or her personal trading account. Additionally, with certain limited exceptions, all Covered Persons must obtain pre-clearance before executing any personal securities transactions and are subject to minimum holding periods and a restricted securities list. A copy of the Code of Ethics is available upon request.

### **Participation or Interest in Client Transactions**

CSSU, as part of a global organization, will, on occasion, introduce certain suitable clients to private investment opportunities offered by our affiliates as well as unaffiliated entities. In such cases, CSSU will generally receive compensation from the private investment partnerships for the introduction. CSSU or our affiliates will act as general partner of certain private investment partnerships in which you invest. Generally, these private investment partnerships operate private pooled investment funds that invest in public and private investment vehicles that may include leveraged buyout funds, exchange funds, venture funds, debt funds, fund of funds, and real estate funds as well as portfolios of marketable securities.

CSSU is engaged in many securities-related activities. It is possible that we will recommend to you the purchase or sale of investment products in which we or an affiliate has a financial interest. This financial interest will create an incentive for CSSU to recommend these products to you. CSSU receives underwriting commissions or discounts, retirement account and other account servicing fees and fees paid by investment companies, mutual funds, hedge funds, exchange traded funds, or other investment vehicles. Additionally, our employees may have long or short positions in investment products we recommend to you. Employees who refer clients or investment opportunities to other divisions of Credit Suisse for products or services generally are eligible to receive incentive compensation for the referral, which does not increase the fees or expenses that the investor pays for the product or service.

CSSU maintains a Restricted List to monitor and restrict sales, trading and research activity with respect to the equity securities of any company placed on the list. The Restricted List is used when CSSU may have, or appear to have, inside information about the status of publicly announced but uncompleted transactions or to comply with SEC rules that limit the type of sales, trading and research activity that CSSU may conduct during the preparation for, and execution of, public offerings. When a company’s securities are on the Restricted List, CSSU is generally prohibited from soliciting customer orders or effecting transactions for discretionary customer accounts.

CSSU renders investment management and broker-dealer services to many types of clients, and it may for its own account hold, purchase, sell or otherwise trade in and deal with, securities which are the same as or similar to those recommended to you. Therefore, CSSU may have potentially conflicting loyalties and responsibilities with regard to its various clients. CSSU maintains procedures that are designed not to disfavor any client account over other accounts in the execution and allocation of transactions. CSSU monitors the personal trading activity of its employees. Our Employee Trading Policy is designed to detect and prevent conflicts and violations arising in this area.

## **XII. Brokerage Practices**

### **Research and Other Soft Dollar Benefits**

Although permitted under the DEP Program documents, CSSU does not currently have soft dollar arrangements and does not receive research or other products or services from other broker-dealers or third parties in connection with Investment Deals, establishing Investing Entities or any other related securities transactions.

### **Principal and Cross Transactions**

When permitted by applicable law, the terms of the Program Agreement, the terms of the applicable Investing Entity agreement, and the applicable policies of CSSU, CSSU will present to the DEP Program investment opportunities to invest in portfolio companies affiliated with Credit Suisse or in which CSSU or Other CS Accounts have an equity, debt or other interest, or to engage in investment transactions that result in such investors being relieved of obligations or

otherwise divesting of investments, in a manner which benefits Credit Suisse or such Other CS Accounts, or CSSU, acting on the Program's behalf, will in certain circumstances otherwise cause certain DEP Program transactions to be engaged in with or through CSSU or its affiliates (principal transactions). From time to time and on an exceptional basis, when permitted by applicable law, the terms of the Program Agreement, the terms of the applicable Investing Entity agreement, and the applicable policies of CSSU, CSSU will cause the DEP Program to engage in transactions in which CSSU advises both sides of a transaction (cross transactions) and acts as broker for, and receives a commission from, the DEP Program on one side of a transaction and a party on the other side of the transaction (agency cross transactions).

CSSU effects transactions as broker or agent for clients and will also act as principal in certain transactions with advisory clients and investors, including DEP Program participants, but only where CSSU has obtained the advisory client's prior written consent to each such principal transaction.

There may be potential conflicts of interest or regulatory restrictions relating to these transactions that could limit CSSU's ability to engage in these transactions on the DEP Program's behalf. CSSU has a conflict of loyalties and responsibilities to the parties in such transactions and has developed policies and procedures in relation to such transactions and conflicts. Any principal, cross or agency cross transactions will be effected in accordance with fiduciary requirements and applicable law (which may include disclosure and consent).

### **XIII. Review of Accounts**

The Registrant has policies in place for reviewing Investment Deals offered through the DEP Program for consistency with the Program's objective and investment criteria and that over time Investment Deals are allocated to Program participants in a manner consistent with CSSU's allocation policy provided to DEP Program participants. The Registrant also will review investor qualification at the time a potential DEP Program participant submits the relevant documentation to join the Program and when the DEP Program participant provides the respective commitment to participate in each Investment Deal.

The Registrant's investment professionals review the portfolios of Investment Deals held by DEP Program participants periodically and on an on-going basis and provide reports in a manner, and at a frequency, as may have been negotiated with the participants or as set forth in the relevant Investing Entities' documentation. In addition, DEP Program participants generally are provided with periodic reports and relevant tax reporting information. Special reports may be developed to meet or respond to specific requirements or inquiries of a DEP Program participant.

CSSU or its affiliates will enter into side letters with one or more DEP Program participants that have the effect of establishing rights under, or altering or supplementing the terms of, the Investing Entity's governing documents. As a result, certain DEP Program participants will receive additional benefits, including access to additional information that other DEP Program participants will not receive. Such participants will have no recourse against the relevant Investing Entity, CSSU or any of its affiliates in the event that certain DEP Program participants receive additional or different rights or terms as a result of such side letters.

### **XIV. Client Referrals and Other Compensation**

CSSU does not engage third party solicitors with respect to the DEP Program or to source or solicit Investment Deals.

Employees of the Registrant or any of its affiliates may introduce prospective DEP Program participants and potential Investment Deals to the Registrant. Employees of the Registrant or of any of its affiliates who refer clients or deals to other divisions of Credit Suisse for products or services are generally entitled to receive incentive compensation for the referral which does not increase the fees or expenses paid by the client for the product or service. The relationship between the solicitor-employee and the Registrant is disclosed to the prospective DEP Program participant at the time of the solicitation, if applicable.

Additionally, under the Credit Suisse Single Global Currency (“SGC”) program, employees are encouraged to make cross-divisional referrals of clients and prospective clients which includes referrals to the Registrant. Policies are in place to address the principles that must be adhered to when making cross-divisional client and prospective client referrals and will determine eligibility for SGC. The use of referral and solicitation arrangements, including SGC, may create a potential conflict of interest. The Registrant has policies and procedures in place to address and mitigate the potential conflicts.

## **XV. Custody**

The Registrant generally does not maintain direct custody of client assets. However, under Rule 206(4)-2 of the Advisers Act, “custody” is broadly defined to also include holding indirectly client funds or securities, or having any authority to obtain possession of them. In particular, the Registrant is considered to have custody of its clients’ assets in the scenario described below:

- With respect to the Investing Entities advised by the Registrant, the Registrant or an affiliate of the Registrant serves in a capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust) that gives it legal ownership of or access to the Investing Entities’ funds or securities.

In order to avoid any potential conflict of interest that indirect custody of client assets may cause, the Registrant takes the following actions required or permitted by Rule 206(4)-2:

- With respect to Investing Entities, the organization documents of such vehicles provide for the annual audit of the vehicles’ financial statements and the delivery of such audited financial statements to investors as required by the Rule. Additionally, Investing Entities’ assets are held with third party qualified custodians.

## **XVI. Investment Discretion**

As described in Section I, under the DEP Program, CSSU will identify potential Investment Deals to make available to DEP Program participants. For participants that have entered into separate agreements granting investment discretion to CSSU (such as the four-deal mandate investors), CSSU will make investments, on a deal-by-deal basis, on behalf of such participant. For all other DEP Program participants, CSSU does not have investment discretion with respect to a participant’s decision to invest in, and how much capital to commit to, any Investment Deal. As described in Items IV and VIII, in all instances, CSSU does have discretion over the allocation of the Investment Deal across DEP Program participants.

## **XVII. Voting Client Securities**

In relation to certain investments held by Investing Entities in one or more Investment Deals, the Registrant will have the authority to vote proxies subject to the governing transaction documents for those Investment Deals. To that extent, the Registrant has adopted policies and procedures reasonably designed to ensure that it votes proxies in the best interest of the Investing Entity and its investors.

Upon the request of any DEP Program participant, the Registrant will provide such participant with (i) the actual policies and procedures and (ii) information about votes cast on behalf of any Investing Entity in which such participant has made an investment. As stated above, these policies and procedures: (i) address the Registrant’s overall policy to vote proxies in the best interest of the Investing Entity and its investors, and in a manner that maximizes the value of investments made by an Investing Entity; (ii) identify the persons responsible for monitoring corporate actions, determining whether and how to vote proxies and submitting proxies; and (iii) describe the Registrant’s approach to addressing material conflicts of interest that may arise in connection with the consideration of a proxy. In general, proxies will be voted in consultation with the relevant investment professional that is responsible for the relevant portfolio investment. CSSU’s

investment professionals will vote proxies in a manner they believe to be consistent with the best interest of the respective Investing Entities and their investors. The investment professionals monitor potential conflicts by consulting with counsel and taking appropriate measures to mitigate any such conflicts. Records of proxy materials and votes are maintained in the Registrant's offices. Investors in the Investing Entities can obtain a copy of the proxy voting policies and procedures or information on how the Registrant voted proxies for any Investing Entity in which an investor has an investment by contacting the Registrant c/o Credit Suisse, Investor Relations, Eleven Madison Avenue, 9th Floor, New York, New York 10010, 877-435-5264.

## **XVIII. Financial Information**

CSSU has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the DEP Program.